

FTC PXA:3

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Capabilities

Asset Protection Planning

Asset protection planning strategies are designed to address particular dangers which pose a threat to your financial security. These dangers are primarily lawsuits and claims against you which can arise from many possible sources. The attorneys at The Law Offices of Marc J. Lane, a Professional Corporation, utilize advanced strategies to legally position assets beyond the reach of lawsuits and creditors. By implementing sophisticated planning techniques, we protect our clients' assets from creditors and lawsuits while, at the same time, allowing them to retain control over the assets and income they produce.

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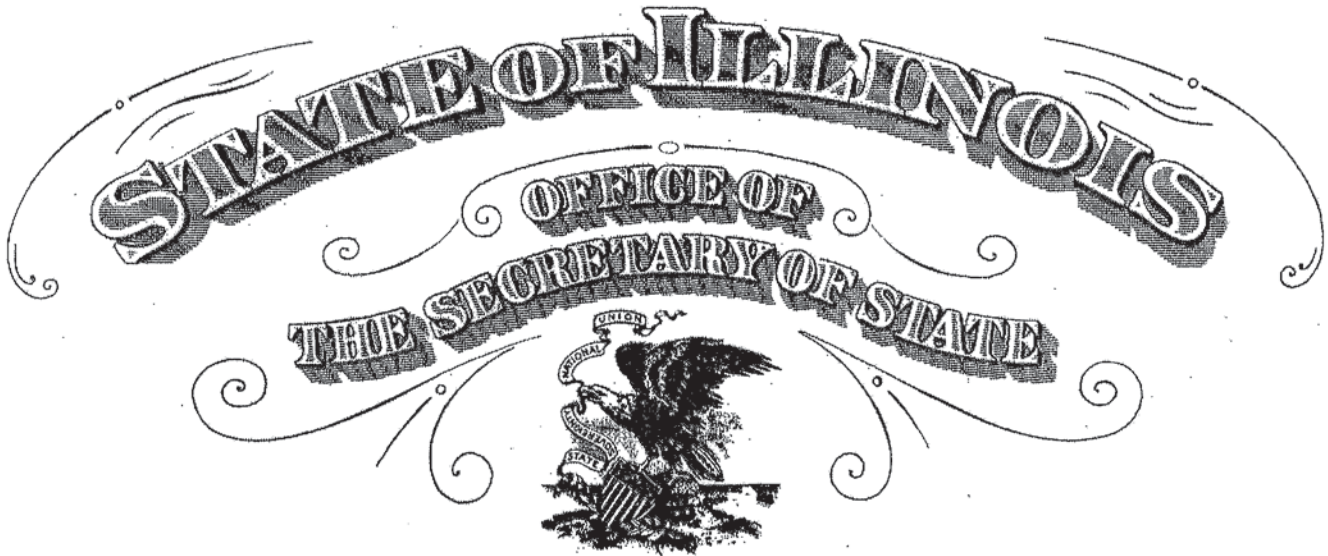
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FTC PXA:4


CP0622801

File Number

6712-446-4



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

THE FOREGOING AND HERETO ATTACHED IS A TRUE
AND CORRECT COPY, CONSISTING OF 1 PAGES, AS TAKEN FROM THE ORIGINAL
ON FILE IN THIS OFFICE FOR WEBSITE SOLUTIONS USA INC..*****



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 22ND
day of FEBRUARY A.D. 2012

Jesse White

Authentication #: 1205300287

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE

PXA:4 at 2

FORM **BCA 2.10** (rev. Dec. 2003)
ARTICLES OF INCORPORATION
 Business Corporation Act

Jesse White, Secretary of State
 Department of Business Services
 501 S. Second St., Rm. 350
 Springfield, IL 62756
 217-782-9522
 217-782-6961
 www.cyberdriveillinois.com

FILED

MAR 18 2010

JESSE WHITE
SECRETARY OF STATE

PAID

MAR 19 2010

EXPEDITED
SECRETARY OF STATE

Remit payment in the form of a cashier's check, certified check, money order or an Illinois attorney's or CPA's check payable to Secretary of State.

See Note 1 on back to determine fees.

Filing Fee: \$150 Franchise Tax \$ 25.00 Total \$ 175.00 File # 6712-4464 Approved: Cld

Submit in duplicate Type or Print clearly in black ink Do not write above this line

1. Corporate Name: Website Solutions USA Inc. C



CP0179001

The Corporate Name must contain the word "Corporation," "Company," "Incorporated," "Limited" or an abbreviation thereof.

2. Initial Registered Agent: Marc J. Lane
 First Name Middle Initial Last Name
 Initial Registered Office: 180 North LaSalle Street 2100
 Number Street Suite No. (P.O. Box alone is unacceptable)
Chicago IL 60601 Cook
 City ZIP Code County 16

3. Purposes(s) for which the Corporation is Organized:
 If more space is needed, attach additional sheets of this size.

The transaction of any or all lawful businesses for which corporations may be incorporated under the Illinois Business Corporation Act.

44

4. Paragraph 1 — Authorized Shares, Issued Shares and Consideration Received:

Class	Number of Shares Authorized	Number of Shares Proposed to be Issued	Consideration to be Received Thereof
Common	1000	100	100.00

\$

TOTAL = \$ 100.00 ✓

Paragraph 2 — The preferences, qualifications, limitations, restrictions and special or relative rights in respect of the shares of each class are:

If more space is needed, attach additional sheets of this size.

(cont. on back)

ITEMS 5, 6 AND 7 ARE OPTIONAL

5. a. Number of Directors constituting the initial board of directors of the corporation: _____
 b. Names and Addresses of persons serving as directors until the first annual meeting of shareholders or until their successors are elected and qualify:

Name	Address	City, State, ZIP

6. a. It is estimated that the value of the property to be owned by the corporation for the following year wherever located will be: \$ _____
 b. It is estimated that the value of the property to be located within the State of Illinois during the following year will be: \$ _____
 c. It is estimated that the gross amount of business that will be transacted by the corporation during the following year will be: \$ _____
 d. It is estimated that the gross amount of business that will be transacted from places of business in the State of Illinois during the following year will be: \$ _____

7. Other Provisions: Attach a separate sheet of this size for any other provision to be included in the Articles of Incorporation (e.g., authorizing preemptive rights, denying cumulative voting, regulating internal affairs, voting majority requirements, fixing a duration other than perpetual, etc.).

NAME(S) & ADDRESS(ES) OF INCORPORATOR(S)

8. The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated March 16, 2010
 Month & Day Year

Signature and Name	Address
1. <u>Joshua S. Kretzer</u> Signature Joshua S. Kretzer Name (type or print)	1. 180 N. LaSalle Street, Suite 2100 Street Chicago IL 60601 City/Town State ZIP Code
2. _____ Signature Name (type or print)	2. _____ Street City/Town State ZIP Code
3. _____ Signature Name (type or print)	3. _____ Street City/Town State ZIP Code

Signatures must be in BLACK INK on an original document. Carbon copy, photocopy or rubber stamp signatures may only be used on conformed copies.

NOTE: If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Type or print officer's name and title beneath signature.

Note 1 — Fee Schedule:

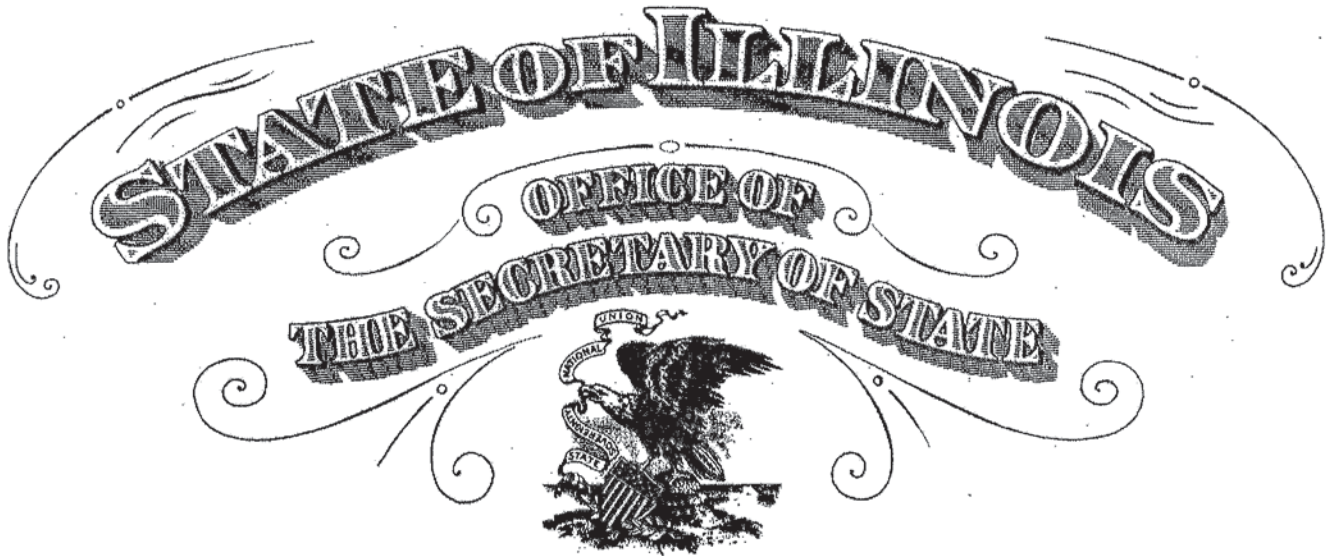
- The initial franchise tax is assessed at the rate of 15/100 of 1 percent (\$1.50 per \$1,000) on the paid-in capital represented in this state. (The minimum initial franchise tax is \$25.)
- The filing fee is \$150.
- The minimum total due (franchise tax + filing fee) is \$175.

Note 2 — Return to:

The Law Offices of Marc J. Lane
 Firm name
 Joshua S. Kretzer
 Attention
 180 N. LaSalle Street, Suite 2100
 Mailing Address
 Chicago, IL 60601
 City, State, ZIP Code

File Number

6712-446-4



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

THE FOREGOING AND HERETO ATTACHED IS A TRUE
AND CORRECT COPY, CONSISTING OF 2 PAGES, AS TAKEN FROM THE ORIGINAL
ON FILE IN THIS OFFICE FOR WEBSITE SOLUTIONS USA INC..*****



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 22ND
day of FEBRUARY A.D. 2012

Jesse White

Authentication #: 1205300269

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE

PXA:4 at 5

FTC PXA:5



Secretary of State

Jason M. Gant

State Capitol | 500 East Capitol Avenue | Pierre, South Dakota 57501 | sdsos@state.sd.us | sdsos.gov

DATE: February 14, 2012

TO: LESLIE R LEWIS
FEDERAL TRADE COMMISSION
600 PENNSYLVANIA AVE NW M-8102
WASHINGTON DC 20580

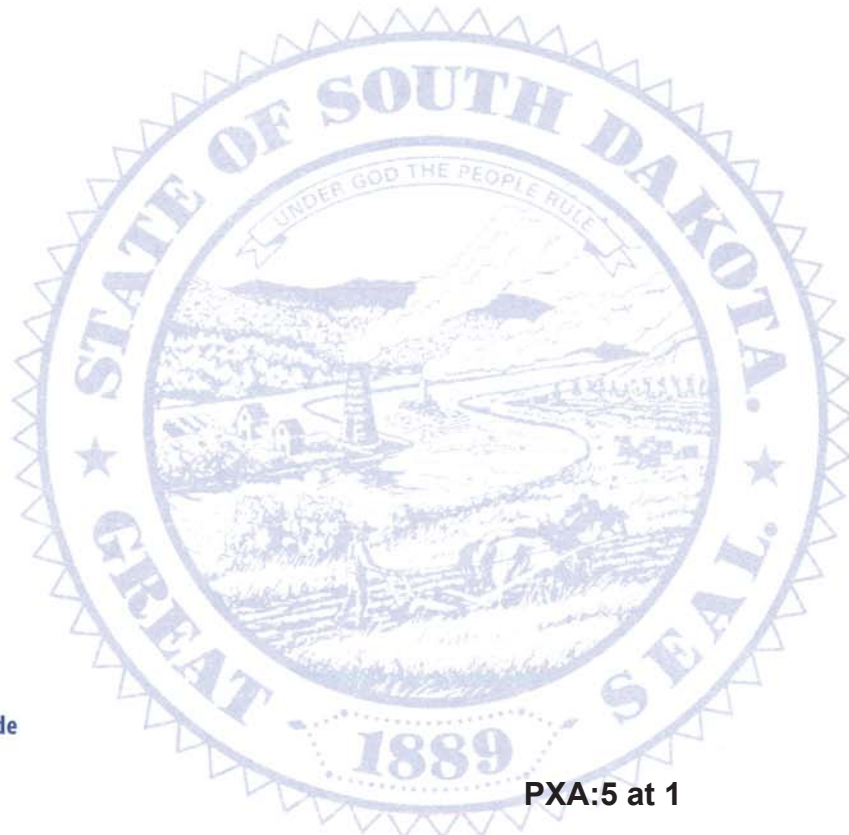
FROM: Erika Bruns, Corporate Division

RE: CERTIFIED COPIES

Please find enclosed copies as requested along with a receipt showing payment of the same.

If this office can be of further assistance, please don't hesitate to call.

Thank you.



Administration

Tel: (605) 773-3537
Fax: (605) 773-6580

Corporations

Tel: (605) 773-4845
Fax: (605) 773-4550

Uniform Commercial Code

Tel: (605) 773-4422
Fax: (605) 773-4550

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

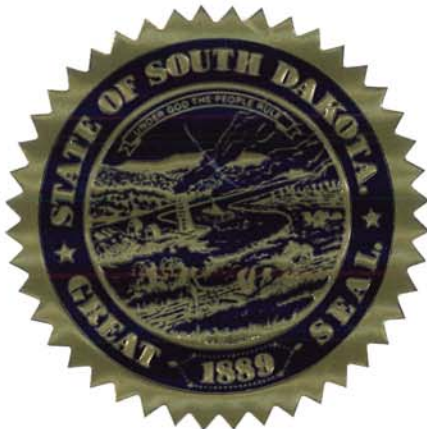
Department of State

United States of America, —

— Secretary's Office

State of South Dakota —

This is to certify that the attached instrument of writing is a true, correct and examined copy of the Articles of Incorporation for GIN USA INC. filed in this office on **June 28, 2011**.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the state of South Dakota, in Pierre, the Capitol City, this day February 14, 2012.

Jason M. Gant
Secretary of State

Fees: \$19.00

383 0942 06/29/2011

Receipt Number: 2160926

File Number **DB056213**



ARTICLES_OF_INCORPORATION

For

GIN USA INC.

Filed at the request of:

PERSON ENTERPRISES L.L.C.
326 N MADISON
Pierre SD 57501

State of South Dakota
Office of the Secretary of State

Filed in the office of the Secretary of State on: **Tuesday, June 28, 2011**


Secretary of State

Fee Received: \$150.00

383 0943 06/29/2011

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

Certificate of Incorporation Business Corporation

ORGANIZATIONAL ID #: DB056213

I, **Jason M. Gant**, Secretary of State of the State of South Dakota, hereby certify that the Articles of Incorporation of **GIN USA INC.** duly signed and verified, pursuant to the provisions of the South Dakota Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY, and by virtue of the authority vested in me by law, I hereby issue this Certificate of Incorporation and attach hereto a duplicate of the Articles of Incorporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of South Dakota, in Pierre, the Capital City, this June 28, 2011.



Jason M. Gant
Secretary of State

IncorpCertBusiness Merge

Litho in U.S.A.

383 0945 06/29/2011

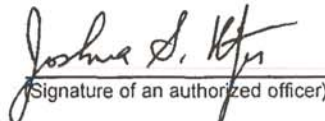
Article V

The name and address of each incorporator (one or more persons – person includes an individual or entity)

Joshua S. Kreitzer	180 N. LaSalle Street, Suite 2100	Chicago	IL	60601-2701
Incorporator	Street Address	City	State	ZIP+4
Incorporator	Street Address	City	State	ZIP+4
Incorporator	Street Address	City	State	ZIP+4
Incorporator	Street Address	City	State	ZIP+4
Incorporator	Street Address	City	State	ZIP+4

This document must be executed by the chair of the board of directors, by its president, or by another of its officers. If directors have not been selected or the corporation has not been formed, an incorporator may execute the document.

Dated June 27, 2011



 (Signature of an authorized officer)

Joshua S. Kreitzer

 (Printed Name)

Incorporator

 (Title)

Optional Provisions

Any of the optional articles may be added by attachment.

The names and addresses of the individuals who are to serve as the initial directors

- (1) Provisions not inconsistent with law regarding:
 - (a) The purpose or purposes for which the corporation is organized;
 - (b) Managing the business and regulating the affairs of the corporation;
 - (c) Defining, limiting, and regulating the powers of the corporation, its board of directors and shareholders;
 - (d) A par value for authorized shares or classes of shares; and
 - (e) The imposition of personal liability on shareholders for the debts of the corporation to a specified extent and upon specified conditions;
- (2) Any provision that under this chapter is required or permitted to be set forth in the bylaws;
- (3) A provision eliminating or limiting the liability of a director to the corporation or its shareholders for money damages for any action taken, or any failure to take any action, as a director, except liability for the amount of a financial benefit received by a director to which the director is not entitled; an intentional infliction of harm on the corporation or the shareholders; a violation of SDCL 47-1A-833; or an intentional violation of criminal law;
- (4) A provision permitting or making obligatory indemnification of a director for liability, as defined in subdivision 47-1A-850(5), to any person for any action taken, or any failure to take any action, as a director, except liability for receipt of a financial benefit to which the director is not entitled; an intentional infliction of harm on the corporation or its shareholders; a violation of 47-1A-833.1; or an intentional violation of criminal law; and
- (5) Any provision limited or denying preemptive rights to acquire additional or treasury shares of the corporation.

FTC PXA:6

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "KT RADIO NETWORK INC.", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF JUNE, A.D. 2009, AT 3:18 O'CLOCK P.M.



4701808 8100

101102576

You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8481833

DATE: 01-08-11

PXA:6 at 1

State of Delaware
Secretary of State
Division of Corporations
Delivered 03:24 PM 06/23/2009
FILED 03:18 PM 06/23/2009
SRV 090641008 - 4701808 FILE

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- First: The name of this Corporation is KT Radio Network Inc.
- Second: Its registered office in the State of Delaware is to be located at 2711
Centerville Road, Suite 400 Street, in the City of Wilmington
County of New Castle Zip Code 19808. The registered agent in
charge thereof is Corporation Service Company
- Third: The purpose of the corporation is to engage in any lawful act or activity for
which corporations may be organized under the General Corporation Law of
Delaware.
- Fourth: The amount of the total stock of this corporation is authorized to issue is
1,000 shares (number of authorized shares) with a par value of
\$0.10 per share.
- Fifth: The name and mailing address of the incorporator are as follows:
Name Marc J. Lane
Mailing Address 180 N. LaSalle Street, Suite 2100
Chicago, IL Zip Code 60601
- I, The Undersigned, for the purpose of forming a corporation under the laws of the
State of Delaware, do make, file and record this Certificate, and do certify that the
facts herein stated are true, and I have accordingly hereunto set my hand this
22nd day of June, A.D. 20 09.

BY: Marc J. Lane
(Incorporator)

NAME: Marc J. Lane
(type or print)

FTC PXA:7

CIRCUIT RULE 26.1 DISCLOSURE STATEMENT

Appellate Court No: 13-1747Short Caption: FTC v. Kevin Trudeau

To enable the judges to determine whether recusal is necessary or appropriate, an attorney for a non-governmental party or amicus curiae, or a private attorney representing a government party, must furnish a disclosure statement providing the following information in compliance with Circuit Rule 26.1 and Fed. R. App. P. 26.1.

The Court prefers that the disclosure statement be filed immediately following docketing; but, the disclosure statement must be filed within 21 days of docketing or upon the filing of a motion, response, petition, or answer in this court, whichever occurs first. Attorneys are required to file an amended statement to reflect any material changes in the required information. The text of the statement must also be included in front of the table of contents of the party's main brief. **Counsel is required to complete the entire statement and to use N/A for any information that is not applicable if this form is used.**

[] PLEASE CHECK HERE IF ANY INFORMATION ON THIS FORM IS NEW OR REVISED AND INDICATE WHICH INFORMATION IS NEW OR REVISED.

- (1) The full name of every party that the attorney represents in the case (if the party is a corporation, you must provide the corporate disclosure information required by Fed. R. App. P 26.1 by completing item #3):

GIN USA Inc.

KT Radio Network Inc.

WebSite Solutions USA Inc.

- (2) The names of all law firms whose partners or associates have appeared for the party in the case (including proceedings in the district court or before an administrative agency) or are expected to appear for the party in this court:

Faruki Ireland & Cox P.L.L.

- (3) If the party or amicus is a corporation:

- i) Identify all its parent corporations, if any; and

Global Information Network Fdn, APC Trading Limited, NBT Trading Limited, respectively

- ii) list any publicly held company that owns 10% or more of the party's or amicus' stock:

N/A

Attorney's Signature: s/ Daniel J. Donnellon

Date: April 11, 2013

Attorney's Printed Name: Daniel J. Donnellon

Please indicate if you are *Counsel of Record* for the above listed parties pursuant to Circuit Rule 3(d). Yes X No

Address: 201 East Fifth Street, Suite 1420

Cincinnati, Ohio 45202

Phone Number: 513-632-0308

Fax Number: 513-632-0319

E-Mail Address: ddonnellon@ficlaw.com

CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of April, 2013, I electronically filed the foregoing Disclosure Statement with the Clerk of Court for the United States Court of Appeals for the Seventh Circuit by using the CM/ECF system. I further certify that I served true copies of the foregoing with the following attorneys of record by electronic mail::

David Sieradzki
John F. Daly
Jonathan Cohen
Michael Mora
Federal Trade Commission
600 Pennsylvania Ave., NW M-8102B
Washington, DC 20580

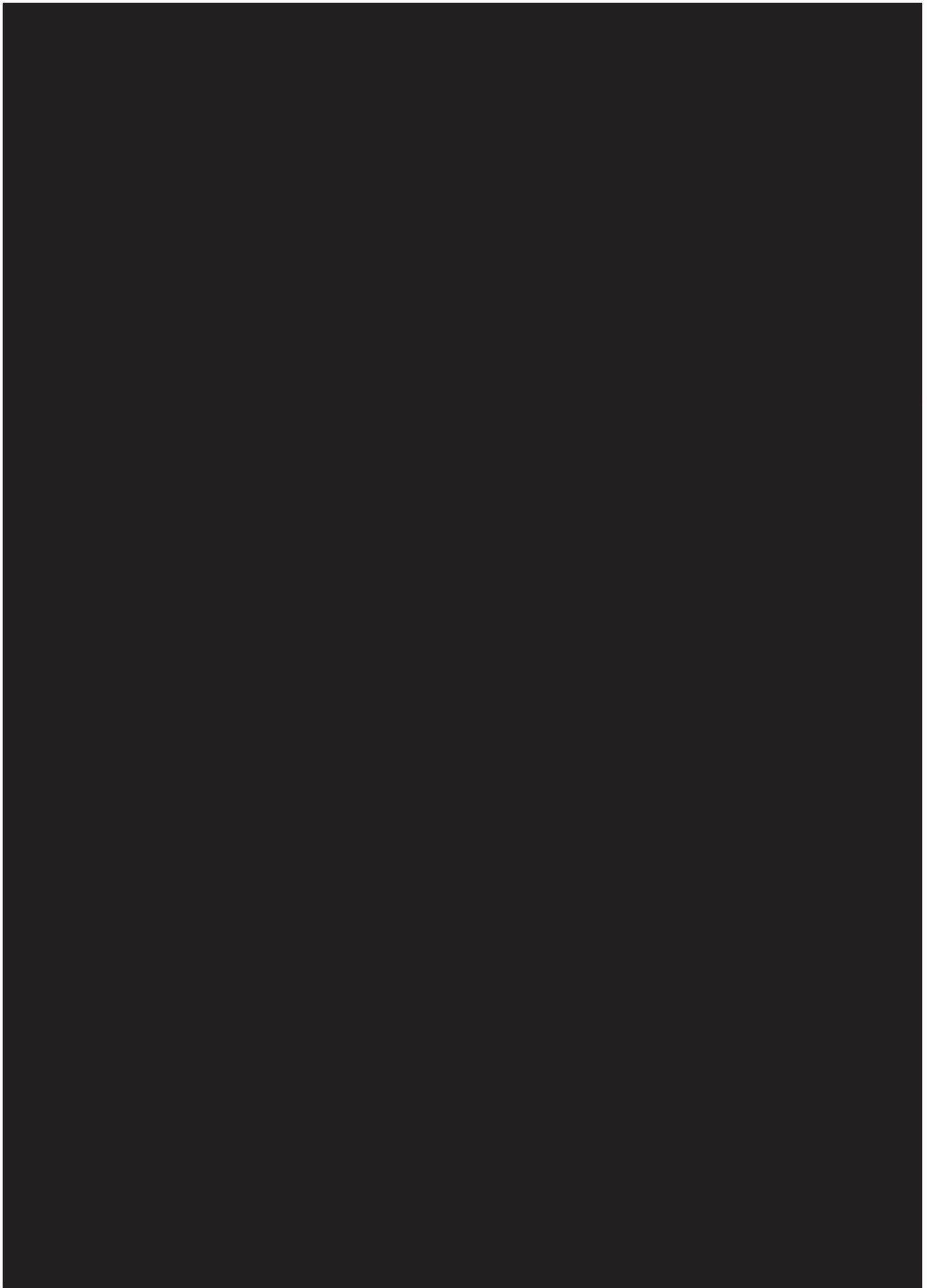
David A. O'Toole
Federal Trade Commission
55 W. Monroe St., Suite 1825
Chicago, IL 60603

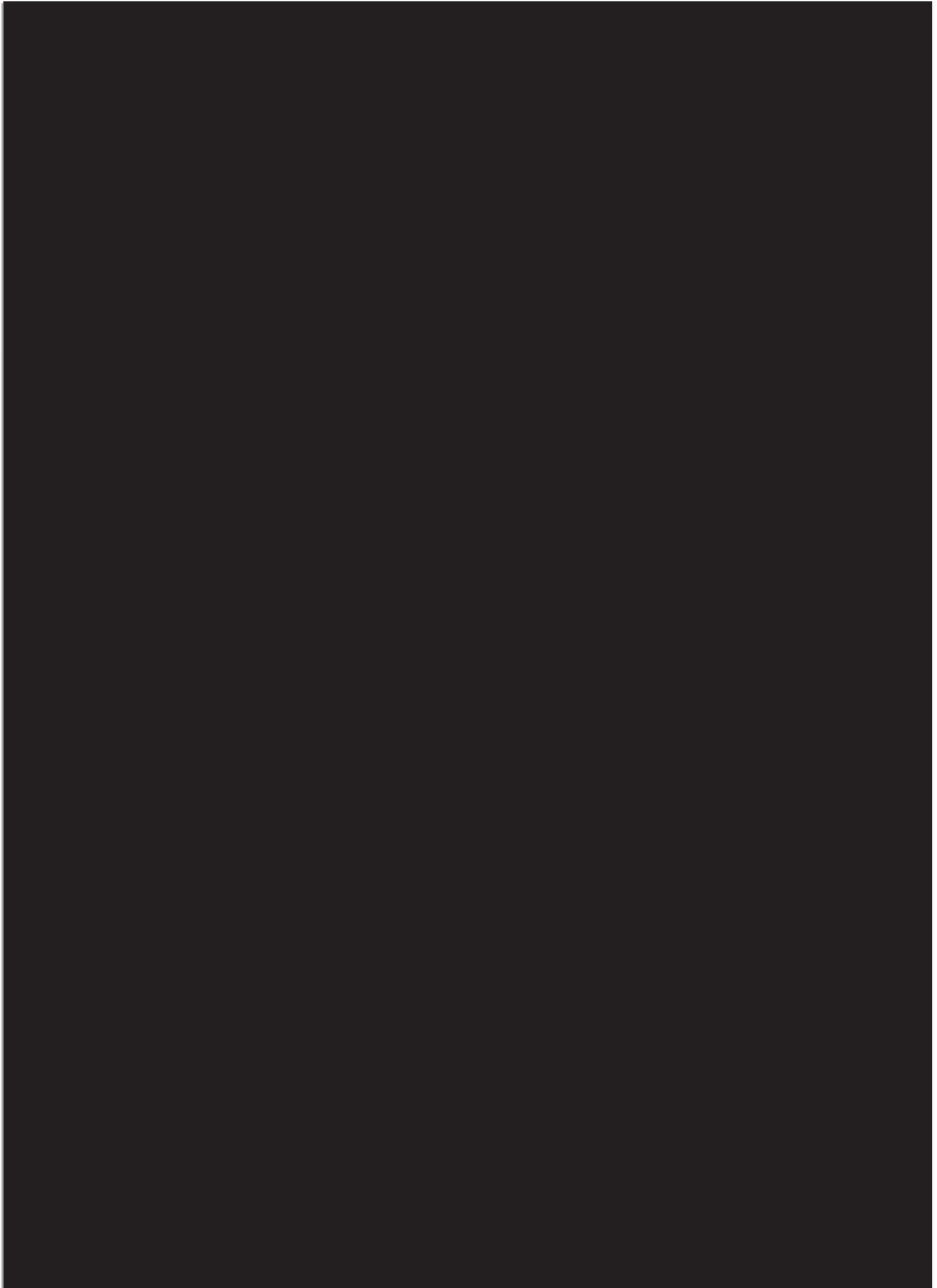
Attorneys for Plaintiff

/s/ Daniel J. Donnellon

Daniel J. Donnellon

FTC PXA:8







FTC PXA:9

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

FEDERAL TRADE COMMISSION,)
)
Plaintiff,)
)
vs.) No. 03 C 3904
) Chicago, Illinois
KEVIN TRUDEAU,) July 23, 2008
) 10:00 a.m.
)
Defendant.)

TRANSCRIPT OF PROCEEDINGS - HEARING
BEFORE THE HONORABLE ROBERT W. GETTLEMAN

APPEARANCES:

For the Plaintiff: FEDERAL TRADE COMMISSION
600 Pennsylvania Avenue, NW
NJ-3212
Washington, DC 20580
BY: MS. LAUREEN KAPIN
MS. SANDYA PRABHU
MS. ELIZABETH TUCCI

For the Defendant: JENNER & BLOCK
One IBM Plaza
Chicago, Illinois 60611
BY: MR. DAVID J. BRADFORD
MR. DANIEL J. HURTADO

Official Reporter: JENNIFER S. COSTALES, CRR, RMR
219 South Dearborn Street
Room 1706
Chicago, Illinois 60604
(312) 427-5351

1 attention as we've seen in some of these letters, then it could
2 be admissible for that limited purpose.

3 But to have it offered to show that there are or are not
4 positive or negative comments, I will not admit it for that
5 purpose. So I'm sustaining the objection.

6 MR. HURTADO: Again, there is no point in putting on our
7 witness then.

8 THE COURT: Well, right, there is no point in examining
9 a witness as to the accuracy of his collation of comments that I
10 don't give any weight to.

11 MR. HURTADO: Thank you.

12 THE COURT: Okay. Is your witness here now?

13 MR. BRADFORD: Yes, he is, Your Honor.

14 THE COURT: All right.

15 MR. BRADFORD: At this time we call Marc Lane to the
16 stand.

17 THE COURT: Please raise your right hand.

18 (Witness duly sworn.)

19 MARC J. LANE, DEFENDANT'S WITNESS, SWORN

20 DIRECT EXAMINATION

21 BY MR. HURTADO:

22 Q. Good afternoon, Mr. Lane.

23 A. Good afternoon.

24 Q. Could you state your full name for the record, please?

25 A. Marc J. Lane.

1 Q. And what is your occupation?

2 A. I'm an attorney.

3 Q. And where do you practice?

4 A. In Chicago.

5 Q. What type of law do you practice?

6 A. Business and tax.

7 Q. And do you -- so you do tax preparation and tax advice?

8 A. I do.

9 Q. Do you know Kevin Trudeau?

10 A. I do.

11 Q. And how do you know him?

12 A. He's a client.

13 Q. And how long has he been a client?

14 A. In excess of five years.

15 Q. And what types of services have you provided for Mr. Trudeau
16 or his affiliated companies?

17 A. Business, tax, and financial planning.

18 Q. All right. I'd like to now turn your attention, and I know
19 you just got in the courtroom, you're probably not too oriented,
20 there are some exhibit books near you.

21 A. Yes.

22 Q. And we're looking for Defendant's Exhibit PPP as in Paul.
23 Let me know when you have that in front of you.

24 A. I don't see it.

25 Q. There is two volumes, sorry.

1 MS. TUCCI: Your Honor, we do object to this exhibit,
2 which there has been no foundation. In fact, there is evidence
3 there is a lack of foundation for personal knowledge by Mr. Lane.

4 THE COURT: Well, let him identify it. They haven't
5 offered it yet.

6 MR. HURTADO: Well, the purpose of this testimony is to
7 authenticate the document, to authenticate the exhibit.

8 BY THE WITNESS:

9 A. Mr. Hurtado, I'm having some difficulty locating the exhibit.

10 MR. HURTADO: May I approach, Judge?

11 THE COURT: Sure.

12 MR. HURTADO: Thanks.

13 MR. BRADFORD: I have an extra copy if that might be
14 useful.

15 MR. HURTADO: That may be more efficient.

16 THE WITNESS: Thank you very much.

17 BY MR. HURTADO:

18 Q. Mr. Lane, are you familiar with what has been marked as
19 Defendant's Exhibit PPP?

20 A. Yes, I am.

21 Q. And what is it?

22 A. This is a consolidated balance sheet for Mr. Kevin Trudeau
23 and his affiliated entities as of December 31, 2007.

24 Q. Okay. And did you prepare this summary?

25 A. I did along with members of my staff.

1 Q. Okay. And what is the information in this balance sheet
2 based on?

3 A. It's based upon the financial records of Mr. Trudeau and his
4 companies that are prepared in the ordinary course of their
5 respective businesses.

6 THE COURT: By whom?

7 THE WITNESS: I'm sorry?

8 THE COURT: By whom?

9 THE WITNESS: By Mr. Trudeau's employees.

10 BY MR. HURTADO:

11 Q. All right. Now, what is it that this balance sheet purports
12 to show?

13 A. This shows the assets, liabilities, and net worth of
14 Mr. Trudeau and his affiliated enterprises as of 12/31/07.

15 Q. And for those of us who might not know exactly what a balance
16 sheet is, can you explain this balance sheet?

17 THE COURT: I know what a balance sheet is.

18 MR. HURTADO: Okay.

19 BY MR. HURTADO:

20 Q. And is it correct that this consolidated balance sheet is --

21 THE COURT: Is there an objection?

22 MR. HURTADO: I'm sorry.

23 MS. TUCCI: Yes, Your Honor. I'd like to object on two
24 grounds. One is the foundation has not been laid. There has
25 been no business record foundation for the records that were

1 simply provided to him for something that he prepared for purpose
2 of litigation. Also, Mr. Trudeau's financial condition is
3 irrelevant to the contempt remedy.

4 THE COURT: It may not be, it may not be irrelevant to
5 the type of remedy that is imposed, if there is a remedy imposed.
6 And I will take this as an offer of proof. We can then test, you
7 can test what he relied on.

8 But if he did -- you know, this is not like an audited
9 statement. If this gentleman is relying on information provided
10 by Mr. Trudeau or his employees, the weight to be given it will
11 obviously be taken into account, that will be taken into account
12 in assessing any weight given to the document.

13 But go ahead and make it as an offer of proof.

14 BY MR. HURTADO:

15 Q. All right. Is this consolidated balance sheet something you
16 would call a compilation, Mr. Lane?

17 A. Yes, it is.

18 Q. What is meant by a compilation?

19 A. A compilation assembles financial data provided by management
20 of a company and recasts that data in a way that is intended for
21 the use by specific persons who will rely upon it.

22 Q. And despite the fact that this is not based, it is not an
23 audited statement and is not based on audited financial
24 information, is it something in your experience that is used by
25 businesses?

1 A. Yes.

2 Q. Have you prepared tax returns for Mr. Trudeau and his
3 affiliated entities?

4 A. Yes, we have.

5 Q. And are the financial records and information upon which this
6 consolidated balance sheet is based the type of information that
7 you would rely on to prepare the company's tax returns?

8 A. This would actually be the very same information.

9 Q. Do you have any reason to conclude that the information that
10 was provided to you to prepare this consolidated balance sheet is
11 false?

12 A. No, I do not have.

13 Q. The statement here is as of December 31st, 2007, is that
14 correct?

15 A. Yes.

16 Q. Do you have a sense of whether Mr. Trudeau's financial
17 position has changed subsequent to December 31st, 2007?

18 A. Yes, I do.

19 Q. And what is that sense?

20 A. I believe that his financial condition has deteriorated in
21 the interim.

22 Q. And what basis do you have for that?

23 A. Primarily because his company Alliance Publishing Group,
24 which is the primary driver of revenue, has had a significant
25 diminution in revenue and consequently profitability.

1 And in addition to that, in the intervening months,
2 Mr. Trudeau and his entities have been subject to audits by the
3 Internal Revenue Service, which I believe are likely to result in
4 adverse findings.

5 Q. Are you involved with any of those audits?

6 A. Yes. We're representing Mr. Trudeau and his entities in
7 connection with those audits.

8 Q. And what is the status of your account with Mr. Trudeau?

9 A. We are due substantial moneys.

10 MR. HURTADO: Okay. That's all I have. Thank you.

11 MS. KAPIN: May I have one moment, Your Honor?

12 (Discussion off the record.)

13 MR. HURTADO: Your Honor, could I have permission to ask
14 a couple more questions?

15 THE COURT: Sure.

16 You shouldn't have done that.

17 MS. KAPIN: It's my fault, Your Honor.

18 THE COURT: You let him reload.

19 Okay. Go ahead.

20 MR. HURTADO: I'm sorry. Well, Your Honor, I got a
21 little bit derailed when you said understood what a consolidated
22 balance sheet is.

23 THE COURT: I was an accounting major, I confess.

24 MR. HURTADO: But I just wanted to have Mr. Lane explain
25 what the bottom line here is so to speak.

1 BY MR. HURTADO:

2 Q. Mr. Lane, this balance sheet reflects the net equity on the
3 part of Mr. Trudeau and his affiliated companies?

4 A. Yes, it does.

5 Q. And what does it reflect?

6 A. It shows a negative net worth of about 9 and a half million
7 dollars, subject to the disclaimers and footnotes appearing on
8 the statement and in the accompanying letter of transmittal.

9 Q. And is it the case here, you said there were some footnotes
10 which delineate some liabilities as well as assets that are not
11 included in the main presentation, is that right?

12 A. Yes, that's correct.

13 Q. Why is that the case?

14 A. In the interest of a fair presentation, it was determined
15 that certain assets should not be reflected and certain
16 corresponding liabilities should not be reflected, primarily on
17 grounds of quality of the assets and the likelihood of
18 collectability of the assets.

19 Q. For example, there is in footnote 3, you note a note dated
20 June 16th, 2006 with a balance of 117 million and some odd
21 dollars owing to Mr. Trudeau, is that correct?

22 A. Yes.

23 Q. Why is that not included in the main presentation?

24 A. The note is seriously delinquent. Consequently, in the
25 interest of a fair presentation, we thought it appropriate to

1 bring it down to a footnote rather than allowing an inference to
2 be drawn that that was an asset at par as it might be regarded if
3 it were in the presentation proper.

4 Q. Okay. Thank you, Mr. Lane.

5 A. You're welcome.

6 THE COURT: Wait. So you made a determination that ITV
7 because it's delinquent would not be able to pay the moneys that
8 it owed?

9 THE WITNESS: We did not make such a determination.
10 Mr. Trudeau asked that in his judgment this was, since this is
11 not current, and it's substantially delinquent, there is a
12 question as to its collectability. So we wanted to flag that
13 separately.

14 THE COURT: So this is based on information you got from
15 Mr. Trudeau, not independently reviewed?

16 THE WITNESS: I do, in fact, have independent knowledge
17 of this as well, Your Honor.

18 THE COURT: And what is that?

19 THE WITNESS: ITV is insolvent in the technical sense,
20 that is, they're unable to pay their bills as they become due.

21 THE COURT: Are they a client of yours?

22 THE WITNESS: They are indeed.

23 THE COURT: What is Mr. Trudeau's connection to ITV?

24 THE WITNESS: Mr. Trudeau sold certain assets or
25 Mr. Trudeau's company sold certain assets to ITV. So he is a

1 credi tor.

2 THE COURT: I 'm sorry?

3 THE WITNESS: He's a credi tor.

4 THE COURT: He's a credi tor. But not an owner?

5 THE WITNESS: He's not an owner.

6 THE COURT: Go ahead.

7 MS. TUCCI: Thank you, Your Honor.

8 CROSS-EXAMI NATION

9 BY MS. TUCCI:

10 Q. Good afternoon, Mr. Lane. I 'm sorry we di dn' t have a chance
11 to meet, but I 'm Elizabeth Tucci from the Federal Trade
12 Commi ssi on.

13 A. Good afternoon.

14 Q. I would like to talk again about this same Exhi bi t PPP. And
15 this is actually a corrected version of the one that you
16 origi nally supplied with your declaration, is that correct?

17 A. Yes.

18 Q. All right. So when I refer to the consolidated balance sheet
19 regarding Mr. Trudeau, I 'm referring to the figures you provided
20 in Exhi bi t PPP.

21 Now, it's correct to say that this document purports to
22 show the balance sheet for Mr. Trudeau and his affiliated
23 enti ties of December '07?

24 A. Yes.

25 Q. All right. And you testified in your deposition that you

1 prepared this balance sheet for the sole purpose of litigation,
2 of this litigation?

3 A. Yes, that's correct.

4 Q. And so you prepared it for the Court, is that correct?

5 A. Did I prepare it for the Court? I'm not sure of the import
6 of that question. It was prepared --

7 Q. Did you prepare it for the purpose of assisting the Court in
8 this proceeding?

9 A. It was requested by Mr. Trudeau and his litigation counsel.
10 Beyond that, I don't know if I can opine.

11 Q. You don't recall ever having prepared a balance sheet for
12 Mr. Trudeau in the past, do you?

13 A. I do not.

14 Q. And you don't recall ever having prepared a balance sheet for
15 Mr. Trudeau's affiliated entities in the past?

16 A. I don't have any immediate recollection, although it is not
17 impossible that we have done so.

18 Q. Mr. Lane, you did give a deposition in this case just a
19 couple weeks ago, is that correct?

20 A. Yes.

21 Q. And you took an oath, and you swore to tell truth, is that
22 right?

23 A. Yes.

24 Q. And you did tell the truth.

25 MS. TUCCI: Counsel, I'm on page 34 of the transcript

FTC PXA:10

Search: Public Records : Judgments & Liens
Terms: terms(debtor(Kevin w/2 Trudeau))

<u>No.</u>	<u>Debtor</u>	<u>Address</u>	<u>Filing</u>	<u>Creditor</u>
1.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:11/16/2009 Amount:\$90,587 Certificate Number:596881309 FEDERAL TAX LIEN RELEASE Filing Number:20100514000727620 Filing Date:11/16/2009 Filing Office:VENTURA COUNTY COURT (RD), CA FEDERAL TAX LIEN Filing Number:2009111600186059 Filing Date:11/16/2009 Filing Office:VENTURA COUNTY COURT (RD), CA	INTERNAL REVENUE SERVICE
2.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:4/24/2009 Amount:\$27,248 Certificate Number:09108437644 STATE TAX LIEN RELEASE Filing Number:20091002001635980 Filing Date:4/24/2009 Filing Office:VENTURA COUNTY COURT (RD), CA STATE TAX LIEN Filing Number:20090424000656810 Filing Date:4/24/2009 Filing Office:VENTURA COUNTY COURT (RD), CA	STATE OF CALIFORNIA
3.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:7/19/2005 Amount:\$2,838,429 FEDERAL TAX LIEN RELEASE Filing Number:20070404000707170 Filing Date:7/19/2005 Filing Office:VENTURA COUNTY COURT (RD), CA	INTERNAL REVENUE SERVICE
4.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:7/19/2005 Amount:\$2,838,429 FEDERAL TAX LIEN Filing Number:200507190176300 Filing Date:7/19/2005 Filing Office:VENTURA COUNTY COURT (RD), CA	IRS
5.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:3/15/2005 Amount:\$1,096,943 FEDERAL TAX LIEN RELEASE Filing Number:200603150055113 Filing Date:3/15/2005 Filing Office:VENTURA COUNTY COURT (RD), CA	IRS

<u>No.</u>	<u>Debtor</u>	<u>Address</u>	<u>Filing</u>	<u>Creditor</u>
-			FEDERAL TAX LIEN Filing Number:200503150063900 Filing Date:3/15/2005 Filing Office:VENTURA COUNTY COURT (RD), CA	
6.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:11/19/2003 Amount:\$18,282 STATE TAX LIEN RELEASE Filing Number:200402050028485 Filing Date:11/19/2003 Filing Office:VENTURA COUNTY COURT (RD), CA	STATE OF CALIFORNIA
7.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	601 DEL ORO DR OJAI, CA 93023-1806 VENTURA COUNTY	Filing Date:11/19/2003 Amount:\$18,282 STATE TAX LIEN Filing Number:200311190440596 Filing Date:11/19/2003 Filing Office:VENTURA COUNTY COURT (RD), CA STATE TAX LIEN RELEASE Filing Number:0402050028485 Filing Date:11/19/2003 Filing Office:VENTURA COUNTY COURT (RD), CA	STATE OF CALIFORNIA
8.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	104 CHESTNUT ST # 330 HINSDALE, IL 60521-3387 DUPAGE COUNTY	Filing Date:10/27/2003 Amount:\$2,088,092 Certificate Number:360312692 FEDERAL TAX LIEN RELEASE Filing Number:R2005269851 Filing Date:10/27/2003 Filing Office:DU PAGE RECORDER OF DEEDS, IL FEDERAL TAX LIEN Filing Number:R2003411014 Filing Date:10/27/2003 Filing Office:DU PAGE RECORDER OF DEEDS, IL	INTERNAL REVENUE SERVICE IRS
	TRUDEAU, KEVIN M LexID(sm):0020396 80331	104 CHESTNUT ST # 330 HINSDALE, IL 60521-3387 DUPAGE COUNTY		
9.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	103 CHESTNUT ST # 330 HINSDALE, IL 60521-3301 DUPAGE COUNTY	Filing Date:1/23/2003 Amount:\$2,088,092 FEDERAL TAX LIEN Filing Number:2003K011863 Filing Date:1/23/2003 Filing Office:KANE RECORDER OF DEEDS, IL	IRS

<u>No.</u>	<u>Debtor</u>	<u>Address</u>	<u>Filing</u>	<u>Creditor</u>
10.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	104 CHESTNUT ST HINSDALE, IL 60521-3387 DUPAGE COUNTY	Amount:\$2,088,092.81 FEDERAL TAX LIEN Filing Number:03411014 Filing Date:10/27/2003 Filing Office:IL	
11.	TRUDEAU, KEVIN M LexID(sm):0020396 80331	104 CHESTNUT ST APT 330 HINSDALE, IL 60521-3387 DUPAGE COUNTY	Amount:\$2,088,092.81 FEDERAL TAX LIEN Filing Number:03K011863 Filing Date:1/23/2003 Filing Office:IL	

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